

NORTH DAKOTA HEALTH CARE TRUST FUND

INVESTMENT POLICY STATEMENT

1. FUND CHARACTERISTICS AND CONSTRAINTS.

Through the passage of House Bill 1196, the 2001 North Dakota Legislature created a special fund, in the state treasury, known as the North Dakota Health Care Trust Fund. The fund consists of revenue received from government nursing facilities for remittance to the fund under section 50-24.4-30. Section 13 of House Bill 1196 provides that the state investment board shall invest moneys in the fund in accordance with chapter 21-10, and the income earned must be deposited in the North Dakota Health Care Trust Fund. All moneys deposited in the trust fund are available to the department of human services for payment as authorized by legislative appropriations and for transfer to the long-term care facility loan fund as authorized by legislative appropriation.

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB).

The SIB is charged by law under NDCC 21-10 with the responsibility of establishing investment policy and investing the assets of the Fund. The assets are to be invested in a manner consistent with the prudent investor rule as provided in NDCC 21-10-07.

At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and objectives of the funds participating in the pools.

The SIB may delegate investment responsibility to professional money managers. When a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.

The SIB is responsible for establishing criteria and procedures and making decisions with respect to hiring, maintaining, and terminating money managers. This responsibility includes selecting performance measurement services, consultants, and report formats and determining the frequency of meetings with managers.

3. INVESTMENT OBJECTIVES.

The investment objectives are to obtain a reasonable rate of return on the Fund while maintaining sufficient liquidity to meet known or anticipated financial obligations. Operating and statutory considerations shape the Fund's policies and priorities as outlined below:

5. EVALUATION AND REVIEW.

Investment management of the Fund will be evaluated against the Fund's investment. Evaluation will be conducted quarterly by the SIB through its review of funds participating in the Insurance Trust.

Money managers will be evaluated by the SIB quarterly. In-state meetings will be held with the money managers at least annually.

Approved by:

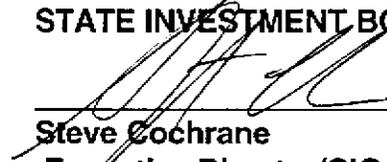
ND DEPARTMENT OF HUMAN SERVICES



**Carol K Olson
Executive Director**

Date: 4/28/03

STATE INVESTMENT BOARD



**Steve Cochrane
Executive Director/CIO, RIO**

Date: 4-25-03